
How Are Students from Low- and Middle-Income Families Paying for College?

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Overview

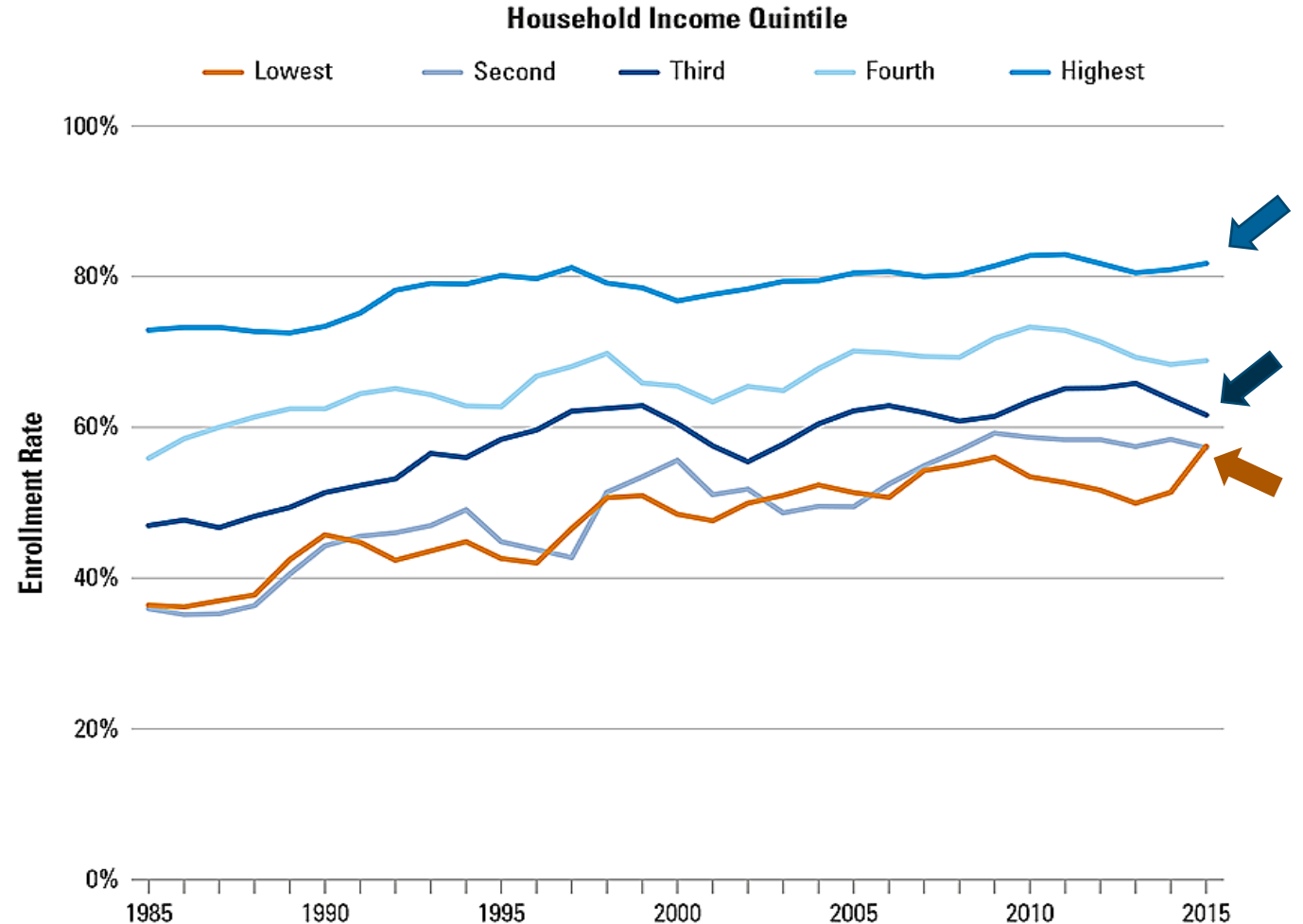
- Family Income
 - How do we define low income and middle income?
 - What has happened to family incomes?
- Where do low- and middle-income students attend college?
- How do low- and middle-income students pay for college?
 - Sticker price
 - Grant aid and net prices
- Student debt and repayment

Family Income

Why does income matter?

- In 2015, 82% of high school graduates from the highest family income quintile (> \$100,010) enrolled immediately in college
- 62% of those from the middle income quintile (\$37,000 to \$60,300)
- 58% of those from the lowest income quintile (below \$20,582)

Postsecondary Enrollment Rates of Recent High School Graduates by Household Income, 1985 to 2015

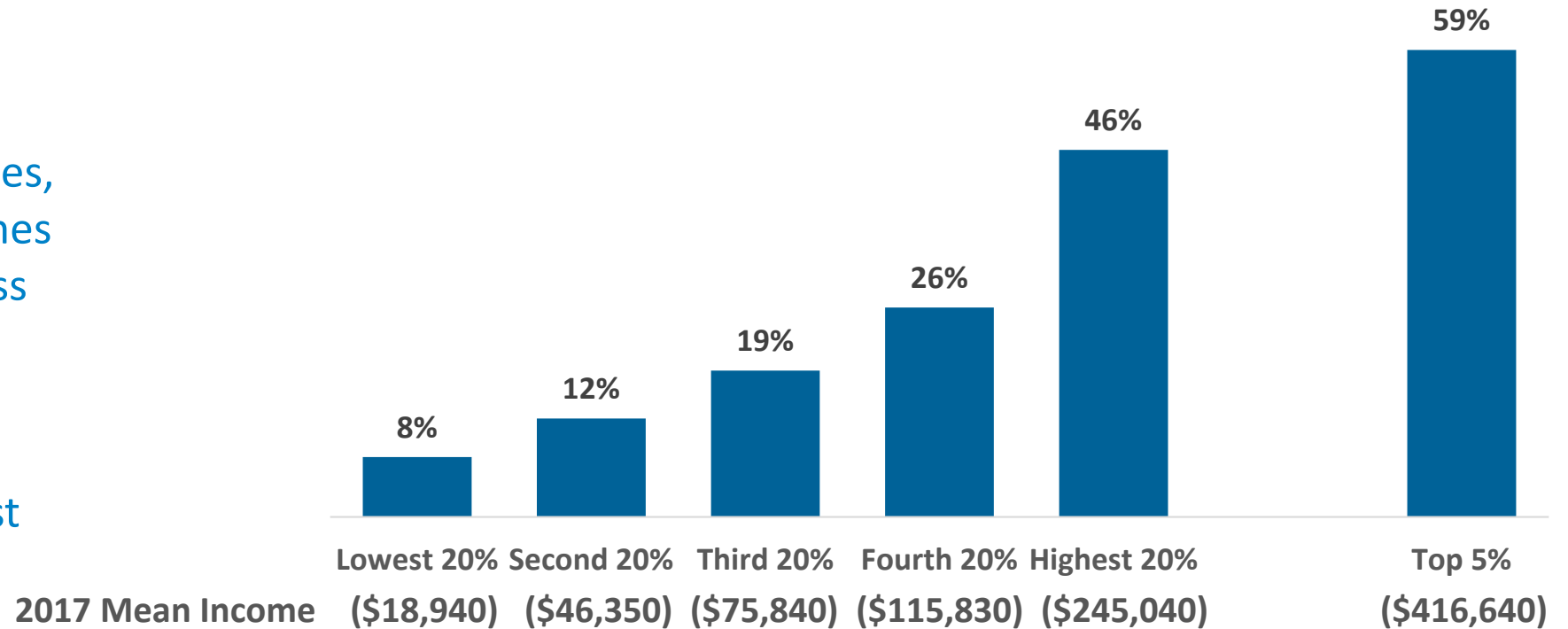


What has happened to family incomes?

30-Year Percentage Change in Family Income by Quintile, 1987 to 2017

Inflation-Adjusted

- In the last three decades, growth in family incomes has been uneven across income groups.
- Higher income groups experienced the largest growth.



In 2017, among all US families (U.S. Census Bureau data):

- A third had incomes below \$50,000;
- 31% had incomes between \$50k and \$100k
- 36% had incomes of at least \$100,000;

Distribution of income among families with children under 18 is similar to that of all families;

- For most of the analyses in this presentation, we define income groups as follows:
 - Low-income: <\$50K
 - Middle-income: \$50K to \$100K
 - Higher-income: \$100K to \$150K
 - Highest-income: \$150K +

Where Do Low-
and Middle-
Income Students
Attend College?

Where Do Low- and Middle-Income Students Attend College?

In 2015-16 (the latest year for which student-level data are currently available):

- 41% of all dependent students attended public four-year and 38% attended public two-year institutions
- As income goes up, students are more likely to attend public and private nonprofit four-year institutions and less likely to attend public two-year and for-profit institutions

Distribution of Undergraduate Students by Family Income: 2015-16

Dependent Students

	Public Four-Year	Private Nonprofit Four-Year	Public Two-Year	For-Profit	Total
All Dependent Students	41%	18%	38%	3%	100%
Parents' Income					
Less than \$50,000	36%	13%	46%	5%	100%
\$50,000 to \$99,999	41%	17%	40%	2%	100%
\$100,000 to \$149,999	48%	21%	29%	1%	100%
\$150,000 or Higher	50%	30%	19%	1%	100%

Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16.

Source: NCES, NPSAS 2016.

How Are Students Paying?

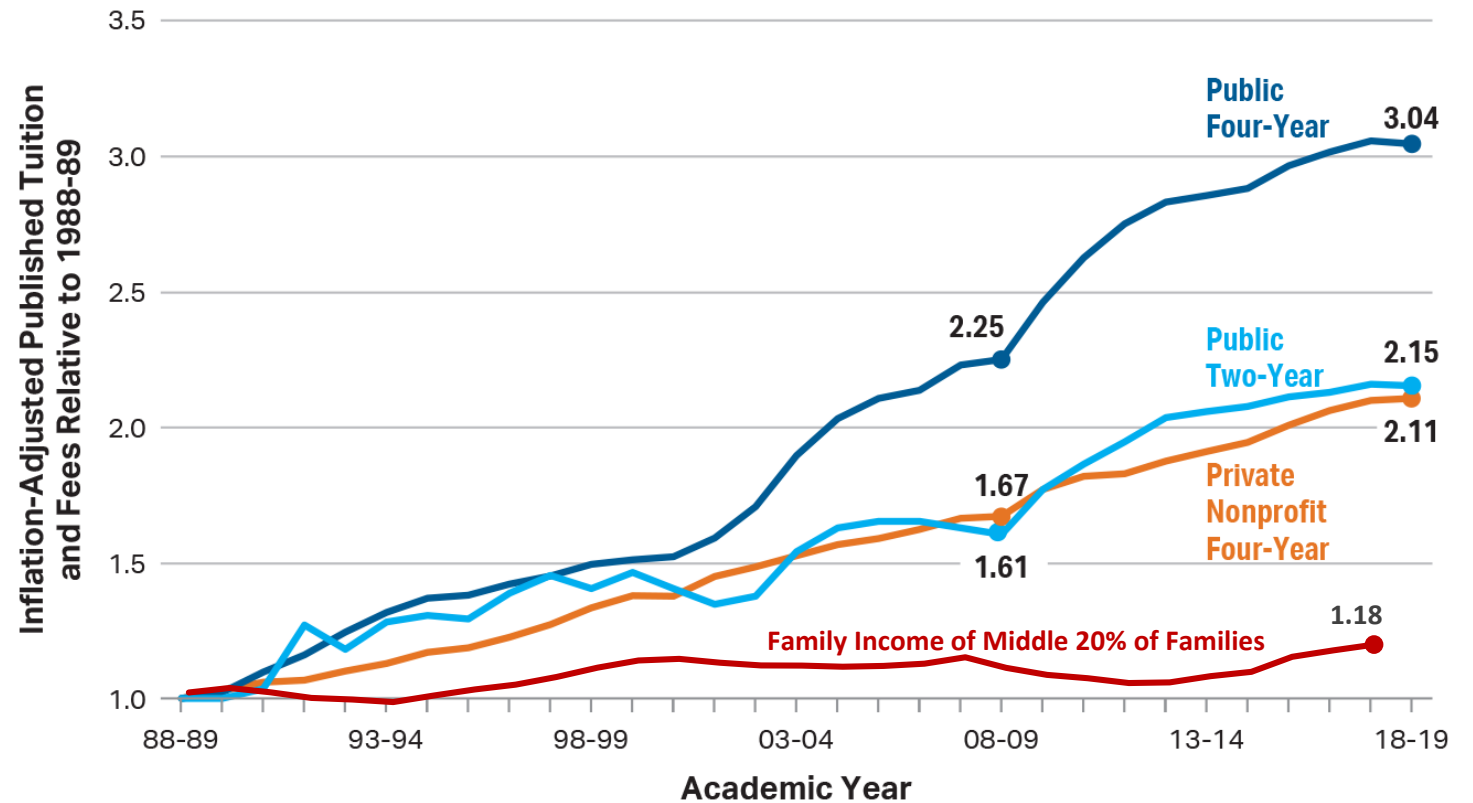
Sticker Prices, Grant
Aid, and Net Prices

How much has *sticker* tuition price gone up?

% change in sticker tuition and family income in the last 30 years (adjusted for inflation):

- Public four-year: 204%
- Public two-year: 115%
- Private nonprofit four-year: 111%
- **Family income of the middle fifth of families: 18%**

Published Tuition and Fees and Family Income Relative to 1988-89, (1988-89 = 1.0), Inflation-Adjusted



Net Tuition and Fees

In 2015-16,

- **A little over half of low-income students at public four-year had \$0 net TF.**
- % of students with \$0 net TF is lower for higher-income groups.

% of Undergraduates with \$0 Net Tuition and Fees

Full-Time Dependent Students

	Public Four-Year	Private Nonprofit Four-Year	Public Two-Year	For-Profit
All Dependent Students	27%	14%	50%	6%
Parents' Income				
Less than \$50,000	53%	27%	74%	7%
\$50,000 to \$99,999	18%	13%	28%	5%
\$100,000 to \$149,999	8%	7%	21%	2%
\$150,000 or Higher	9%	7%	23%	

Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16.

Source: NCES, NPSAS 2016.

Sticker price, net price and grant aid

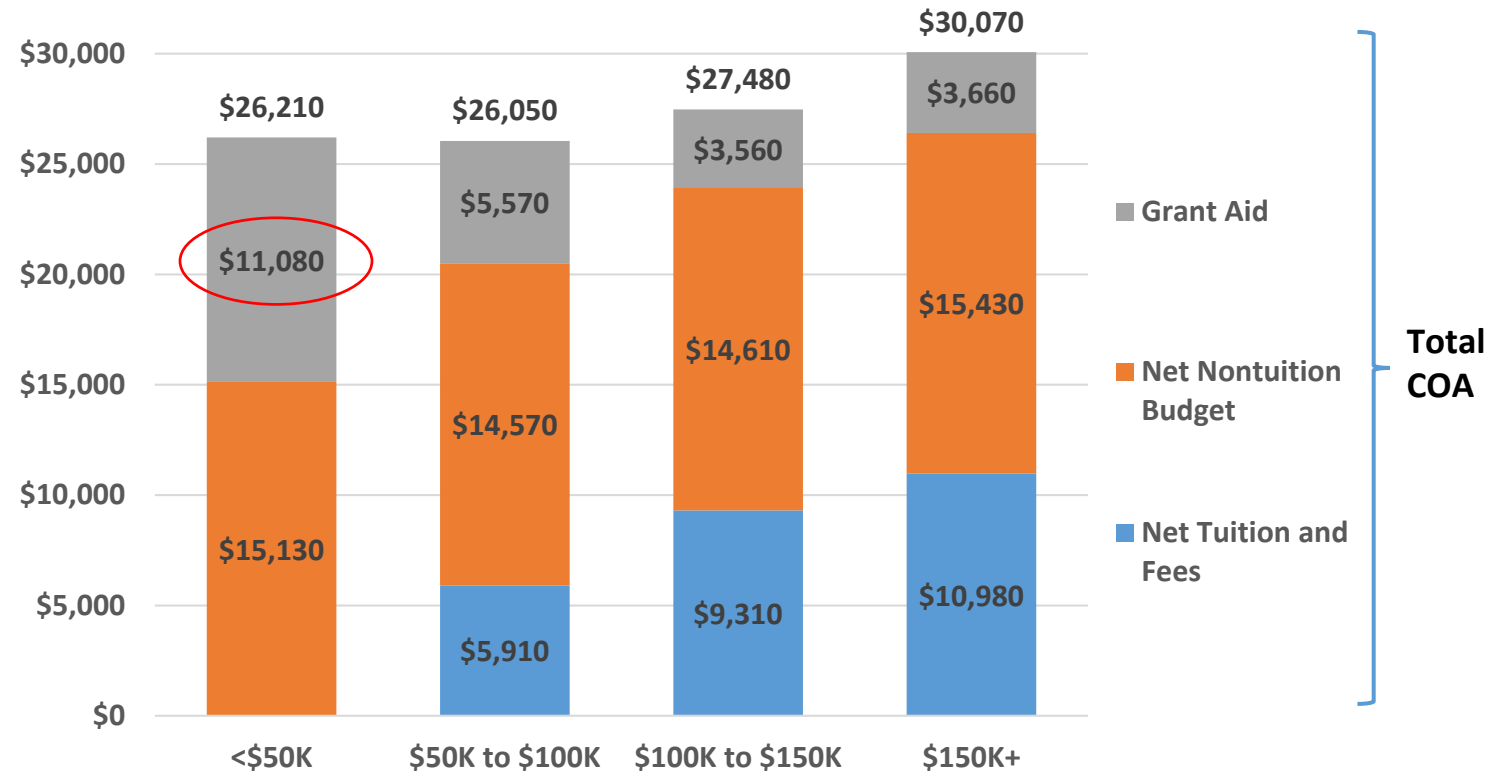
—Public Four-Year Students

In 2015-16, on average:

- **Average grant aid was higher for lower-income students**
- Low-income students received enough grant aid to cover tuition and fees
- Average net TF was about \$6,000 for middle-income students and higher for higher-income students

Public Four-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Grant aid does not include Veterans'/DOD.

Source: NCES, NPSAS 2016.

Sticker price, net price and grant aid

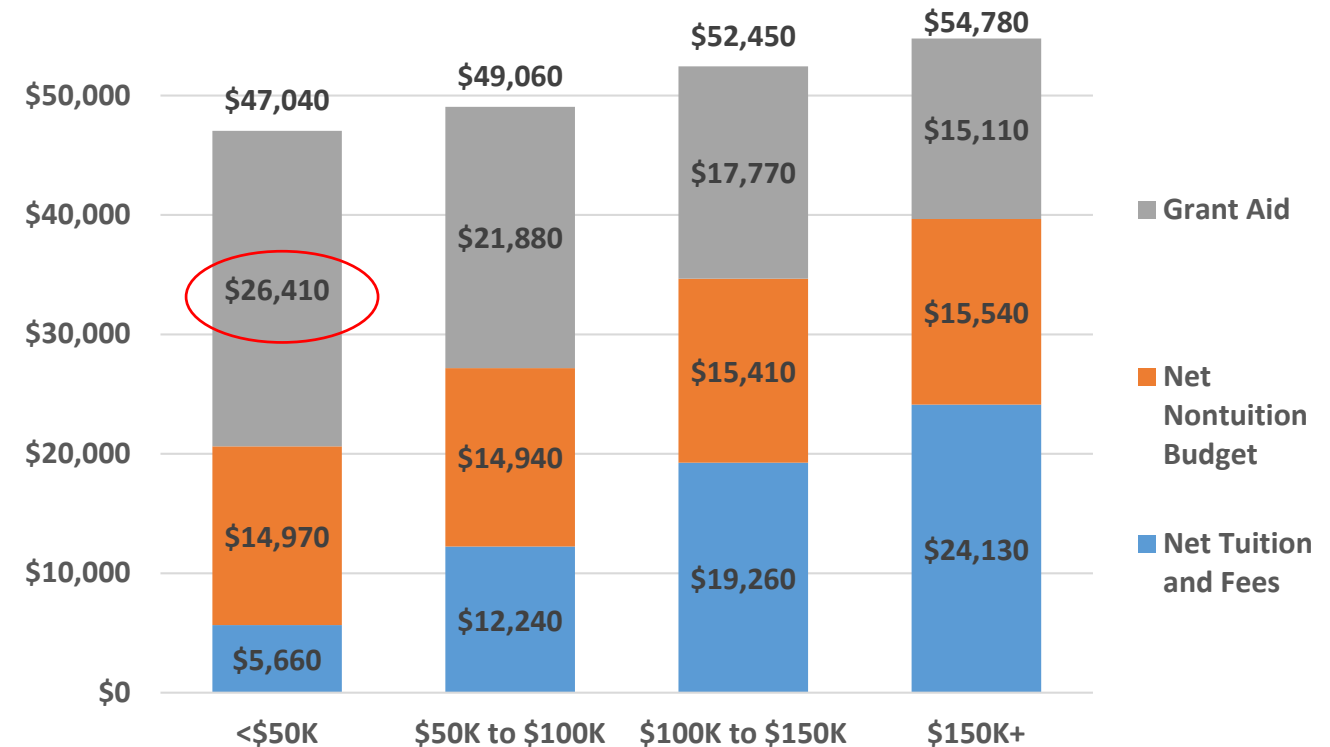
—Private Nonprofit Four-Year Students

In 2015-16, on average:

- Average grant aid is highest for low-income students
- Net price increases with income

Private Nonprofit Four-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. . Grant aid does not include Veterans'/DOD.

Source: NCES, NPSAS 2016.

How Are Students Paying?

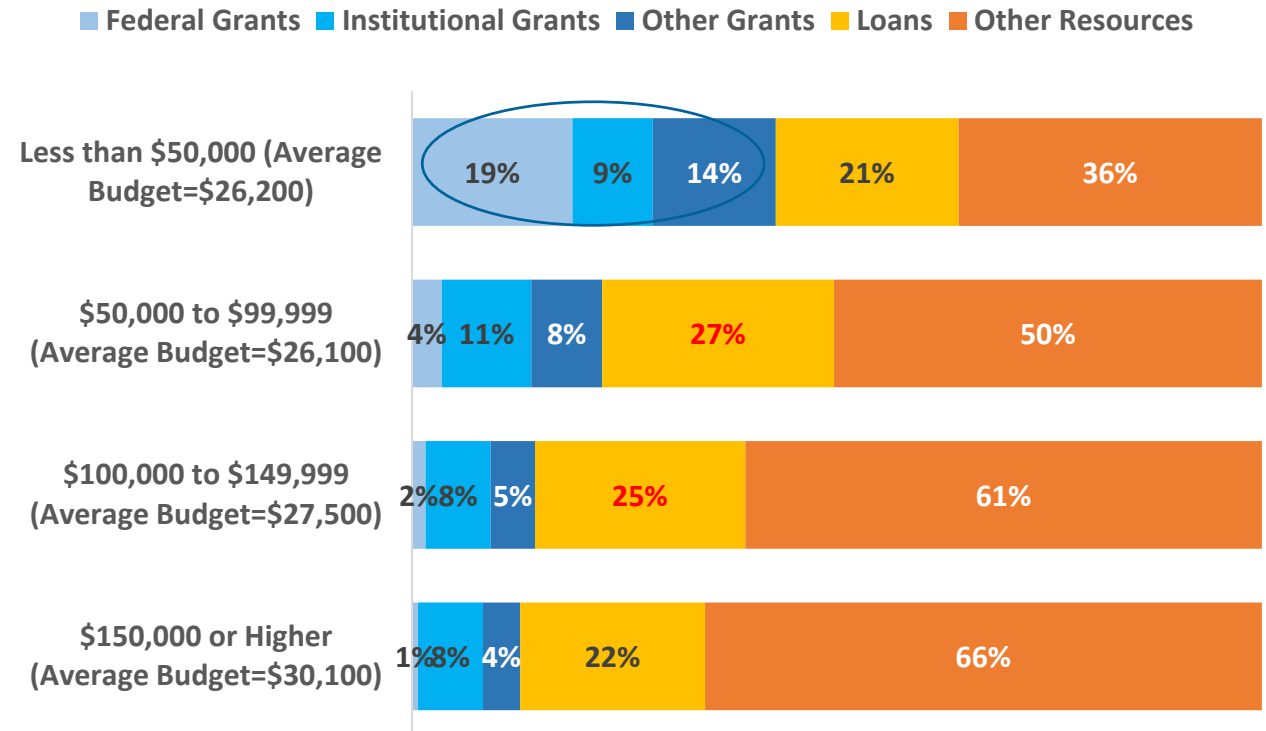
—Public Four-Year Students

In 2015-16, on average:

- Low-income students' grant aid covered 43% of budget.
- Middle-income students' grant aid covered 22% of budget.
- **Middle-income relied more heavily on loans than low- and high-income students.**

Public Four-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Excludes Veterans'/DOD.

Source: NCES, NPSAS 2016.

How Are Students Paying?

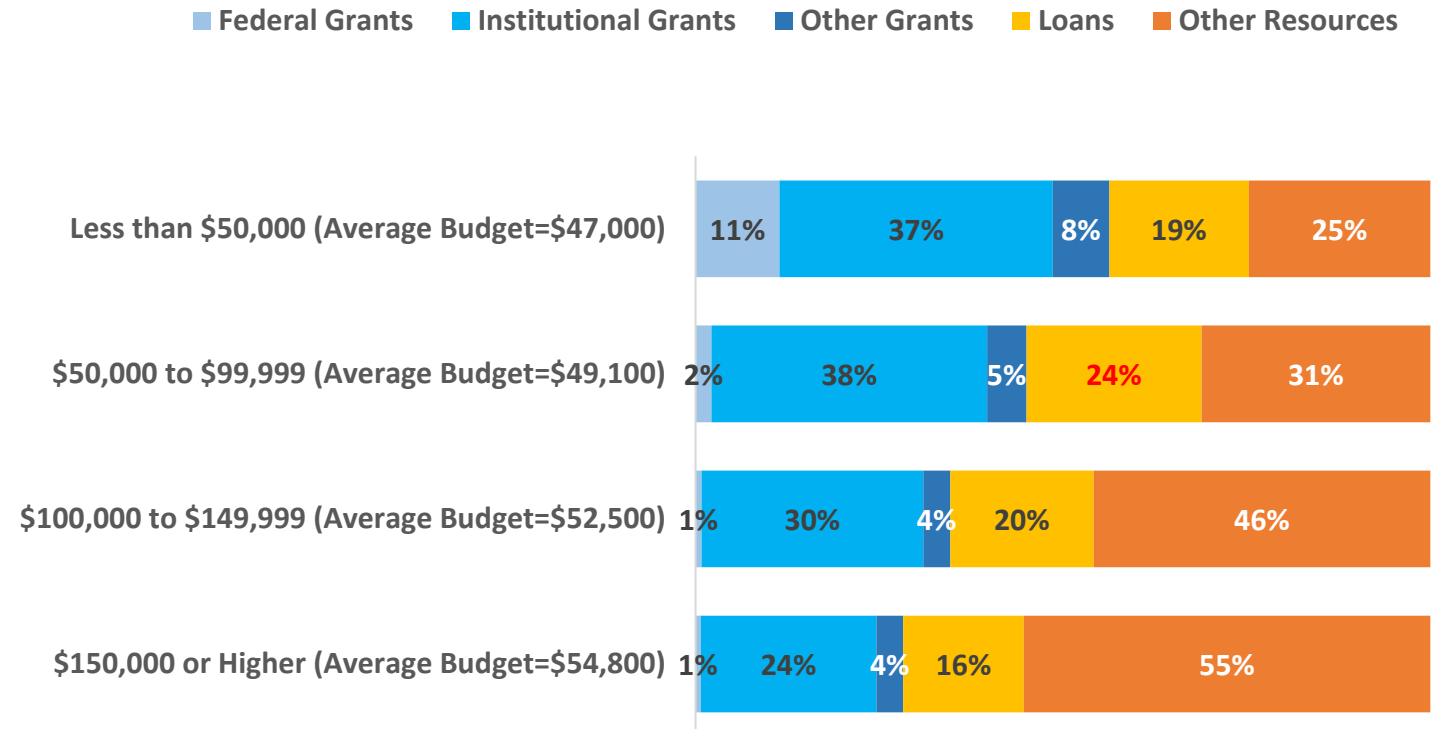
—Private Nonprofit Four-Year Students

In 2015-16, on average:

- Low-income students' grant aid covered 56% of budget.
- Middle-income students' grant aid covered 45% of budget.
- **Middle-income students relied more heavily on loans than low- and high-income students.**

Private Nonprofit Four-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Excludes Veterans'/DOD.

Source: NCES, NPSAS 2016.

Student Debt and Repayment

Cumulative Student Debt

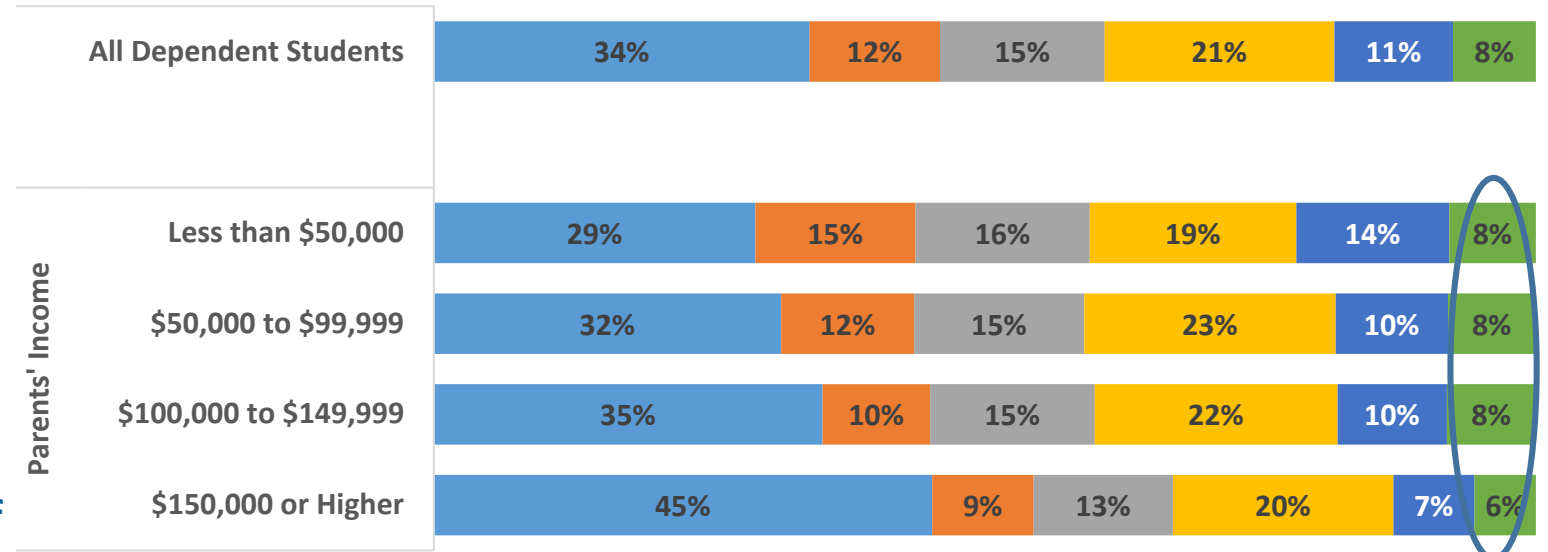
—Public Four-Year BA recipients

In 2015-16:

- 8% of all dependent bachelor's degree recipients in this sector graduated with \$40,000 or more in debt.
- Across income groups, similar percentages of students graduated with at least \$40,000 in debt.
- **As income increases, proportion of students with no debt increases.**

Distribution of Undergraduate Student Debt by Family Income: 2015-16 Bachelor's Degree Recipients, Dependent Students Public Four-Year

■ No Debt ■ \$1 to \$9,999 ■ \$10,000 to \$19,999 ■ \$20,000 to \$29,999 ■ \$30,000 to \$39,999 ■ \$40,000 or More



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Includes all loans ever borrowed for undergraduate education in 2015-16 and prior years. Excludes Parent PLUS loans which are only available to the parents of dependent undergraduates.
Source: NCES, NPSAS 2016.

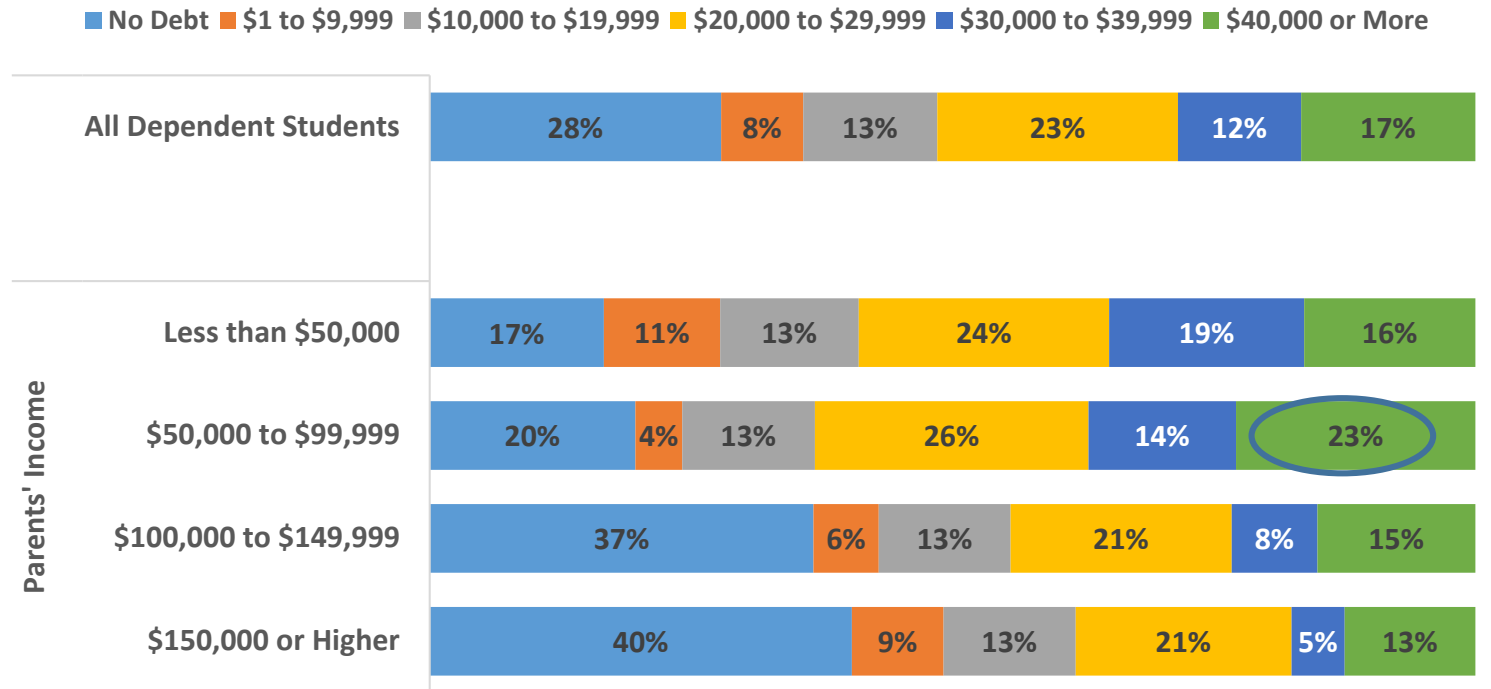
Cumulative Student Debt

—Private Nonprofit Four-Year BA recipients

In 2015-16:

- 17% of all dependent bachelor’s degree recipients in this sector graduated with \$40,000 or more in debt.
- Nearly a quarter of middle-income students graduated with \$40,000 or more in debt, compared with about 15% for students in other groups.

Distribution of Undergraduate Student Debt by Family Income: 2015-16 Bachelor’s Degree Recipients, Dependent Students Private Nonprofit Four-Year



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Includes all loans ever borrowed for undergraduate education in 2015-16 and prior years. Excludes Parent PLUS loans which are only available to the parents of dependent undergraduates.

Source: NCES, NPSAS 2016.

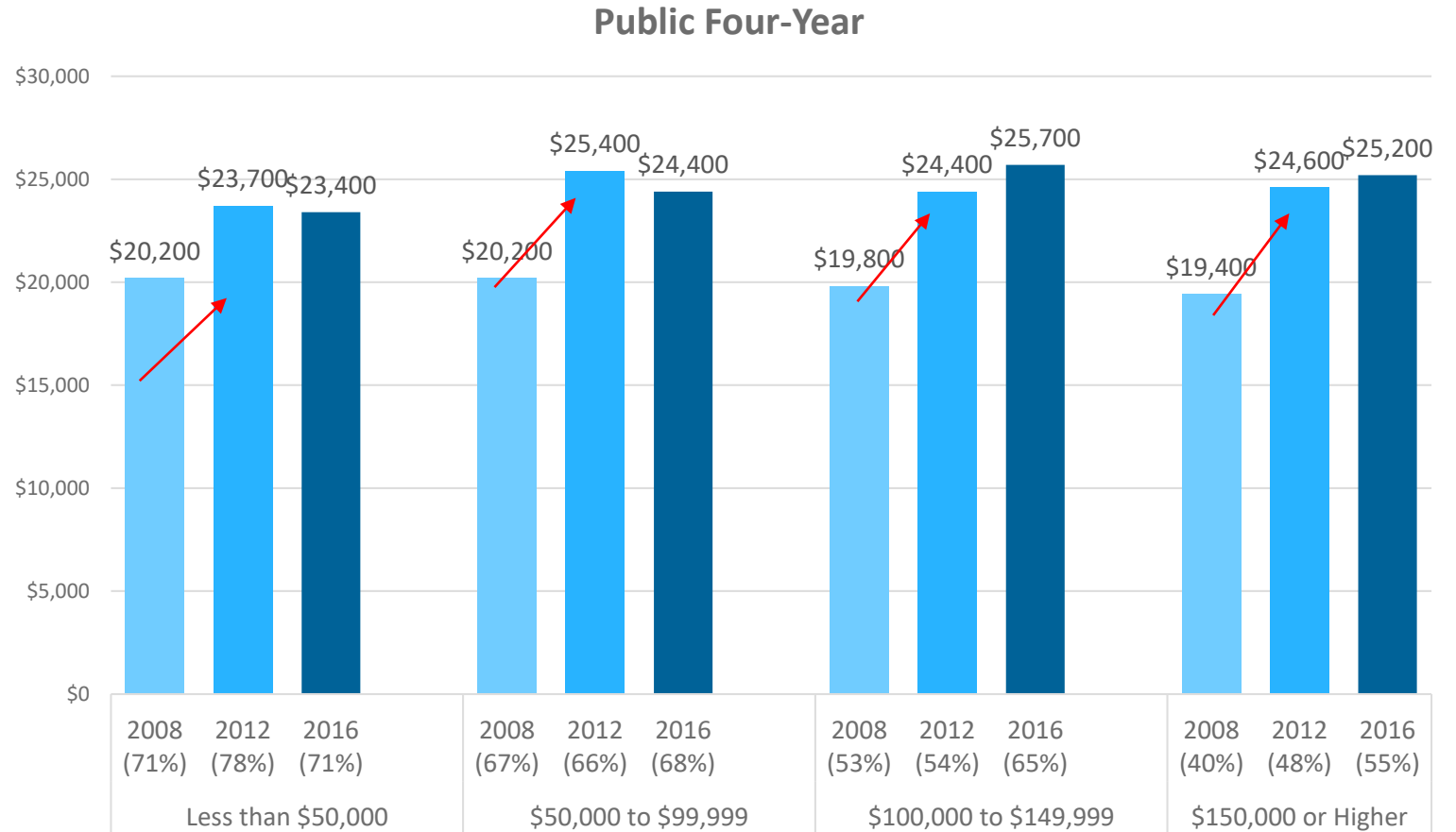
Average Cumulative Student Debt (in 2016 Dollars) Among Borrowers

—Public Four-Year BA recipients

Among 2015-16 BA recipients:

- Average cumulative debt borrowed is highest for students in the two highest-income groups.
- Percentage of students with debt declines with income.
- **Average cumulative debt increased between 2008 and 2012, but remained flat between 2012 and 2016.**
- In 2016-17, average cumulative debt among public 4-year graduate borrowers was \$28,500 (58% of graduates borrowed) (Trends 2018).

2015-16 Bachelor's Degree Recipients, Dependent Students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Includes all loans ever borrowed for undergraduate education in 2015-16 and prior years. Excludes Parent PLUS loans which are only available to the parents of dependent undergraduates.

Source: NCES, NPSAS 2016.

Average Cumulative Student Debt (in 2016 Dollars) Among Borrowers

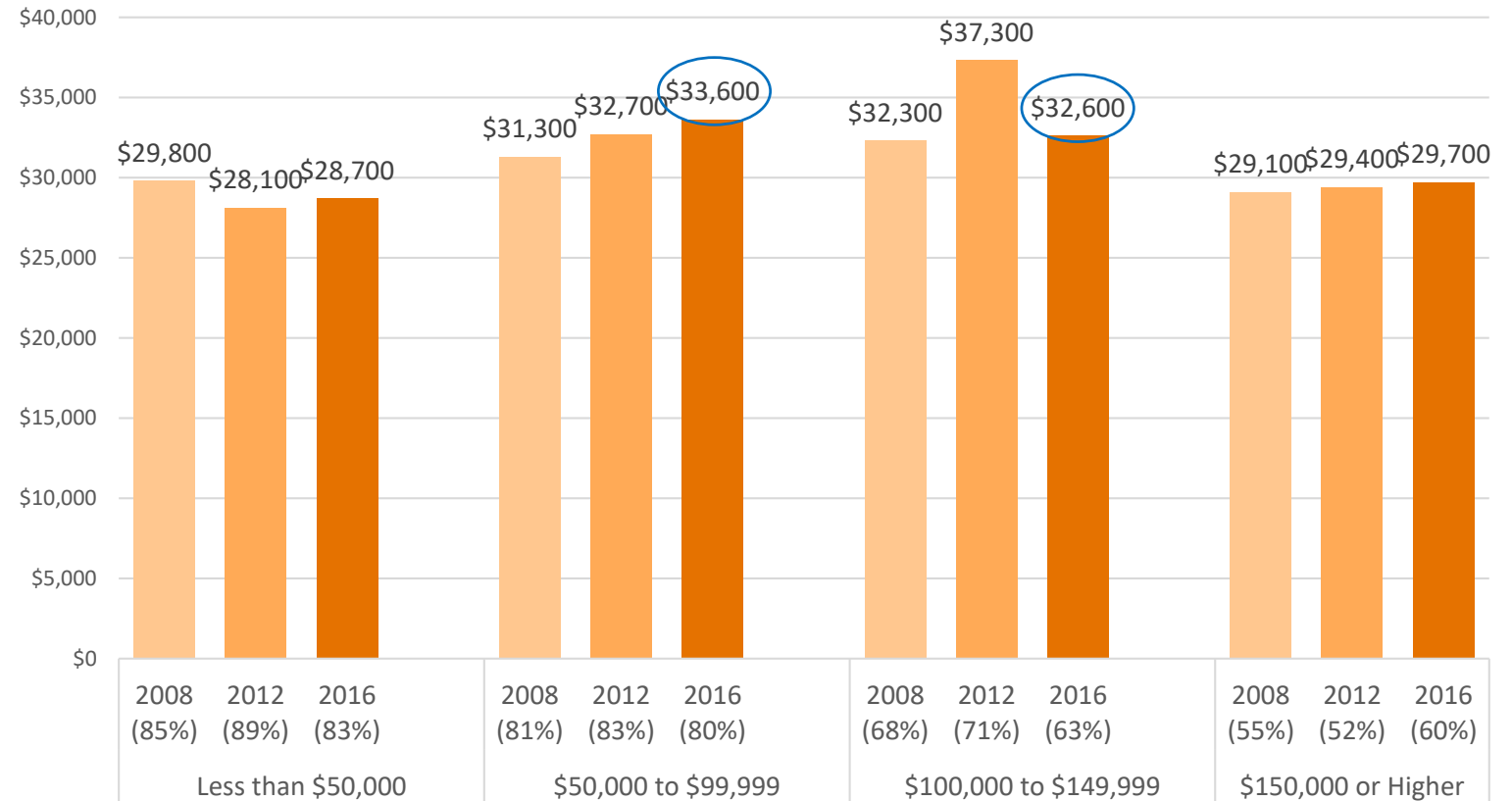
—Private Nonprofit Four-Year BA recipients

Among 2015-16 BA recipients:

- **Average cumulative debt borrowed is highest for students in the middle-income groups.**
- Percentage of students with debt declines with income.
- In 2016-17, average cumulative debt among private nonprofit 4-year graduate borrowers was \$32,600 (61% of graduates borrowed) (Trends 2018).

2015-16 Bachelor's Degree Recipients, Dependent Students

Private Nonprofit Four-Year



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Includes all loans ever borrowed for undergraduate education in 2015-16 and prior years. Excludes Parent PLUS loans which are only available to the parents of dependent undergraduates.

Source: NCES, NPSAS 2016.

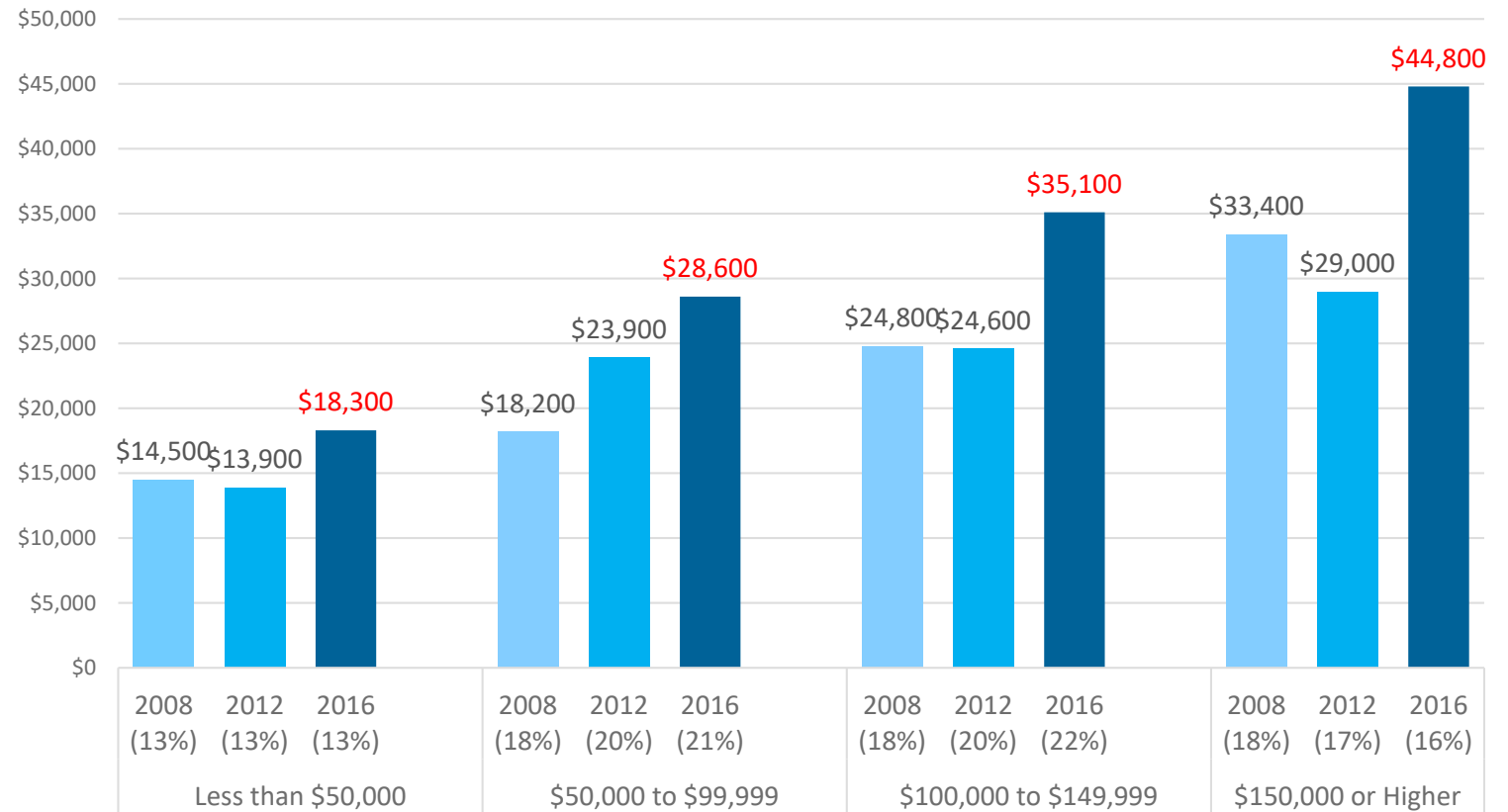
Average Cumulative Parent PLUS Loans (in 2016 Dollars) Among Borrowers

—Public Four-Year BA recipients

- Average Parent PLUS loans are higher for higher-income borrowers.
- Average cumulative Parent PLUS loans increased between 2012 and 2016.

2015-16 Bachelor's Degree Recipients, Dependent Students

Public Four-Year



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. The cumulative amount of Parent PLUS Loans ever borrowed by parents for the student through June 30, 2016.

Source: NCES, NPSAS 2016.

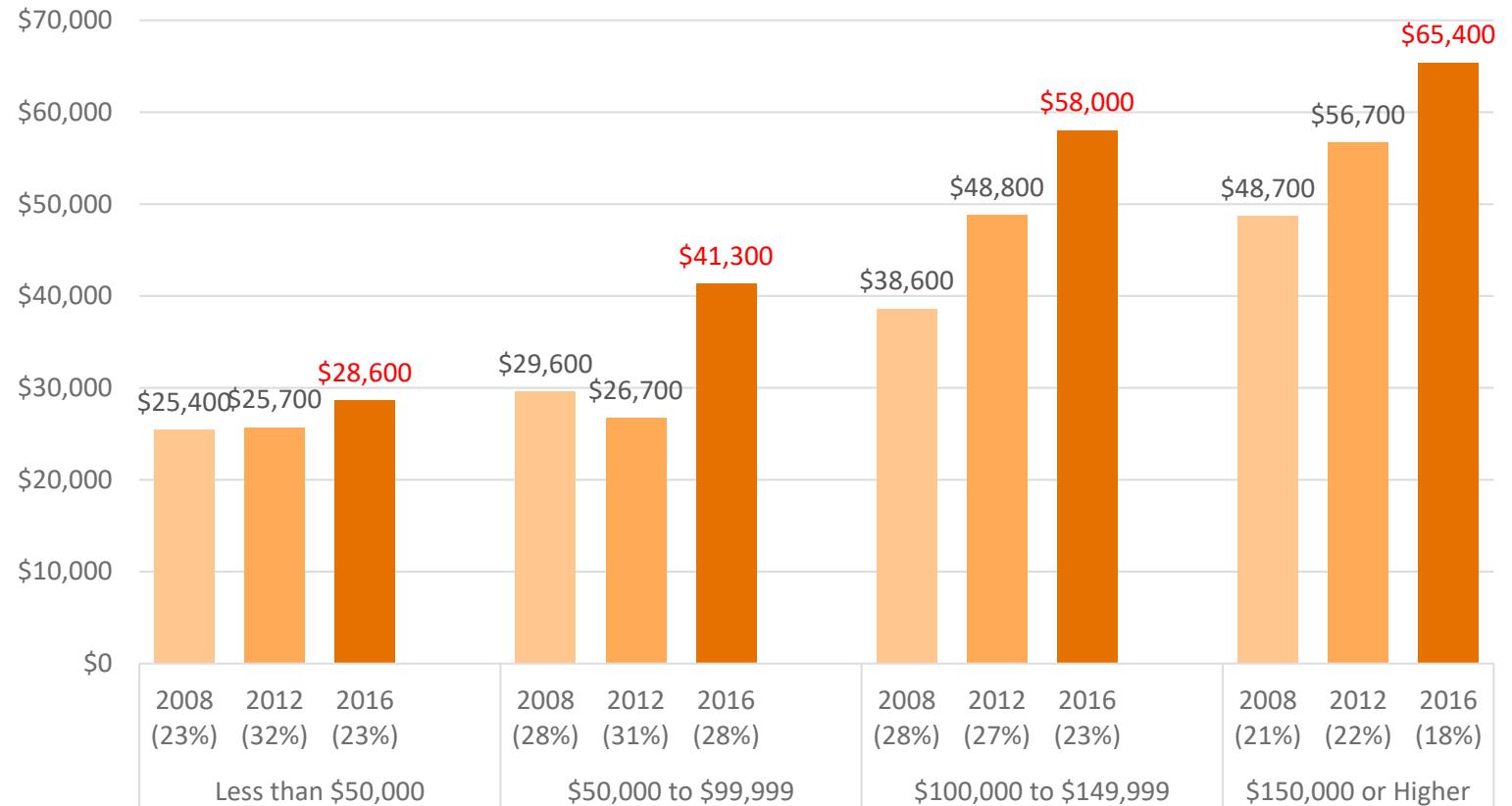
Average Cumulative Parent PLUS Loans (in 2016 Dollars) Among Borrowers

—Private Nonprofit Four-Year BA recipients

- Average Parent PLUS loans are higher for higher-income borrowers.
- Within each income group, private sector has higher borrowing rate and higher debt levels compared with public four-year sector.

2015-16 Bachelor's Degree Recipients, Dependent Students

Private Nonprofit Four-Year



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. The cumulative amount of Parent PLUS Loans ever borrowed by parents for the student through June 30, 2016.

Source: NCES, NPSAS 2016.

Repayment Rate

Among federal loan recipients who entered repayment in 2009-10 and 2010-11:

- **Repayment rates are higher for students from higher income families.**
- Overall 5-year repayment rates are 38% (low-income), 59% (middle-income), and 73% (high income).
- Within each income group, repayment rates are higher at public four-year and private nonprofit four-year sectors.

Five-Year Federal Loan Repayment Rate by Family Income: 2009-10 and 2010-11 Repayment Cohorts

	Family Income		
	Below \$30K	\$30K-\$75K	\$75K+
Public Four-Year	55%	69%	77%
Private Nonprofit Four-Year	52%	68%	81%
Public Two-Year	34%	54%	63%
For-Profit	26%	41%	58%
Total	38%	59%	73%

Note: The repayment rate is defined as the percentage of borrowers in each repayment cohort whose payments reduced the loan principal by at least one dollar.

Source: U.S. Department of Education, College Scorecard data.

Thank you.

trends.collegeboard.org

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Appendix

Sticker price, net price and grant aid

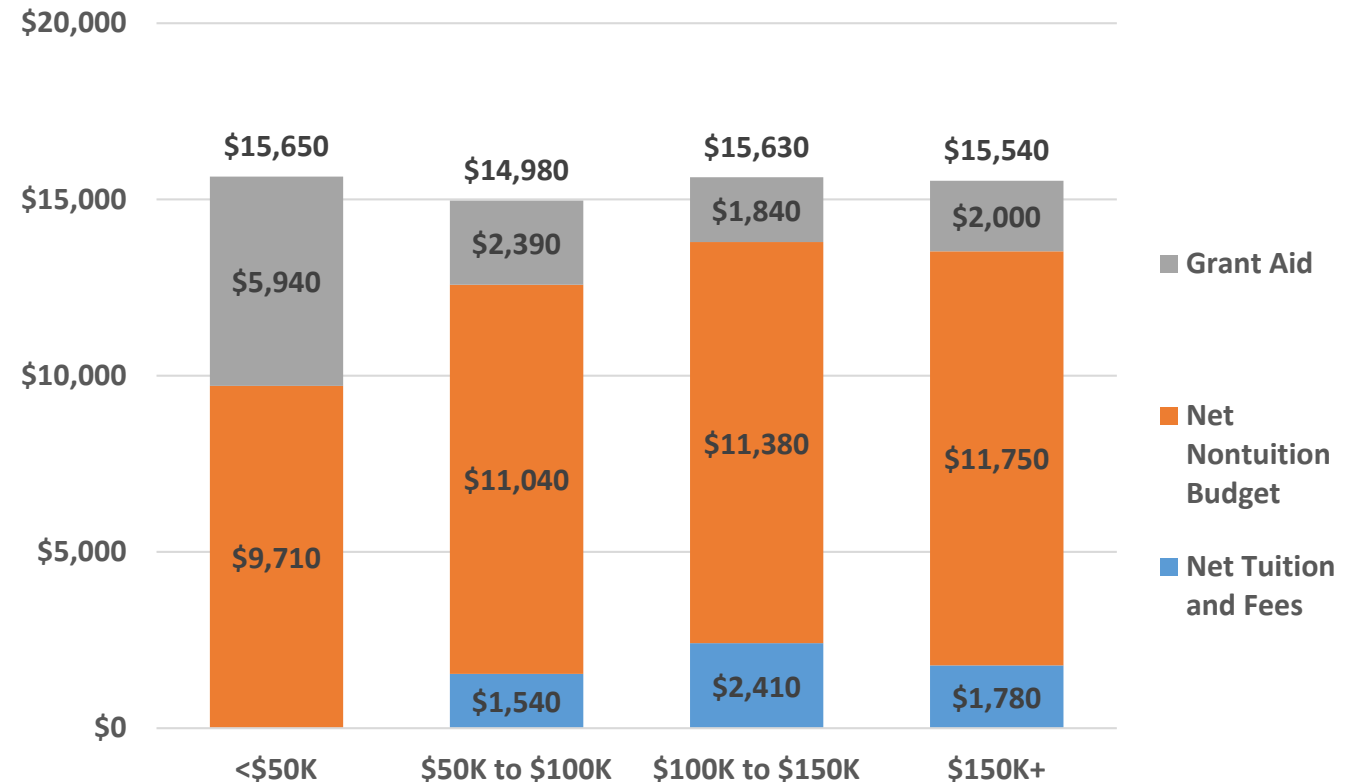
—Public Two-Year Students

In 2015-16, on average:

- Low-income students received enough grant aid to cover tuition and fees
- Average net TF was between \$1,500 and \$2,400 for other income groups
- Average grant aid was higher for lower-income students

Public Two-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Source: NCES, NPSAS 2016.

How Are Students Paying?

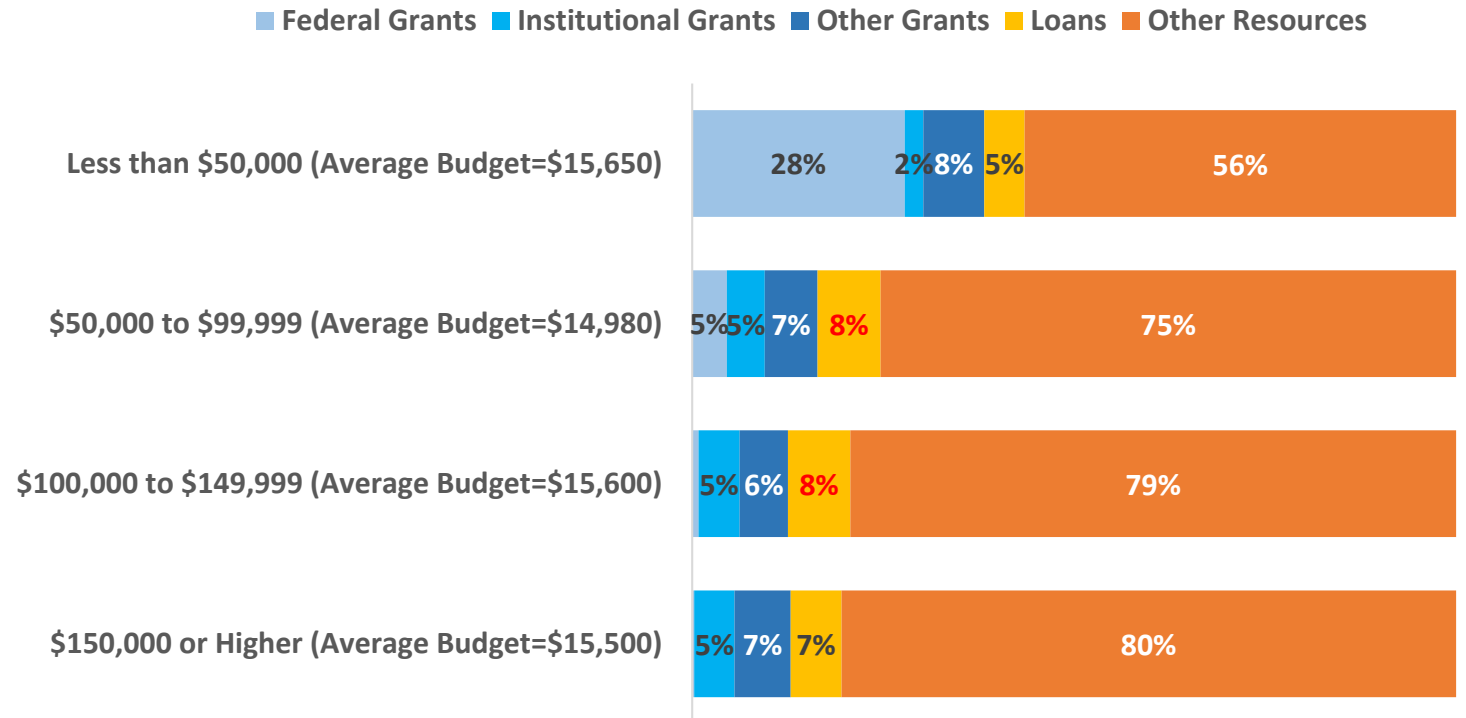
—Public Two-Year Students

In 2015-16, on average:

- Low-income students' grant aid covered 40% of budget.
- Middle-income students' grant aid covered 17% of budget.
- Middle- and high-income students relied more heavily on loans than low-income students.

Public Two-Year

Full-time dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Source: NCES, NPSAS 2016.

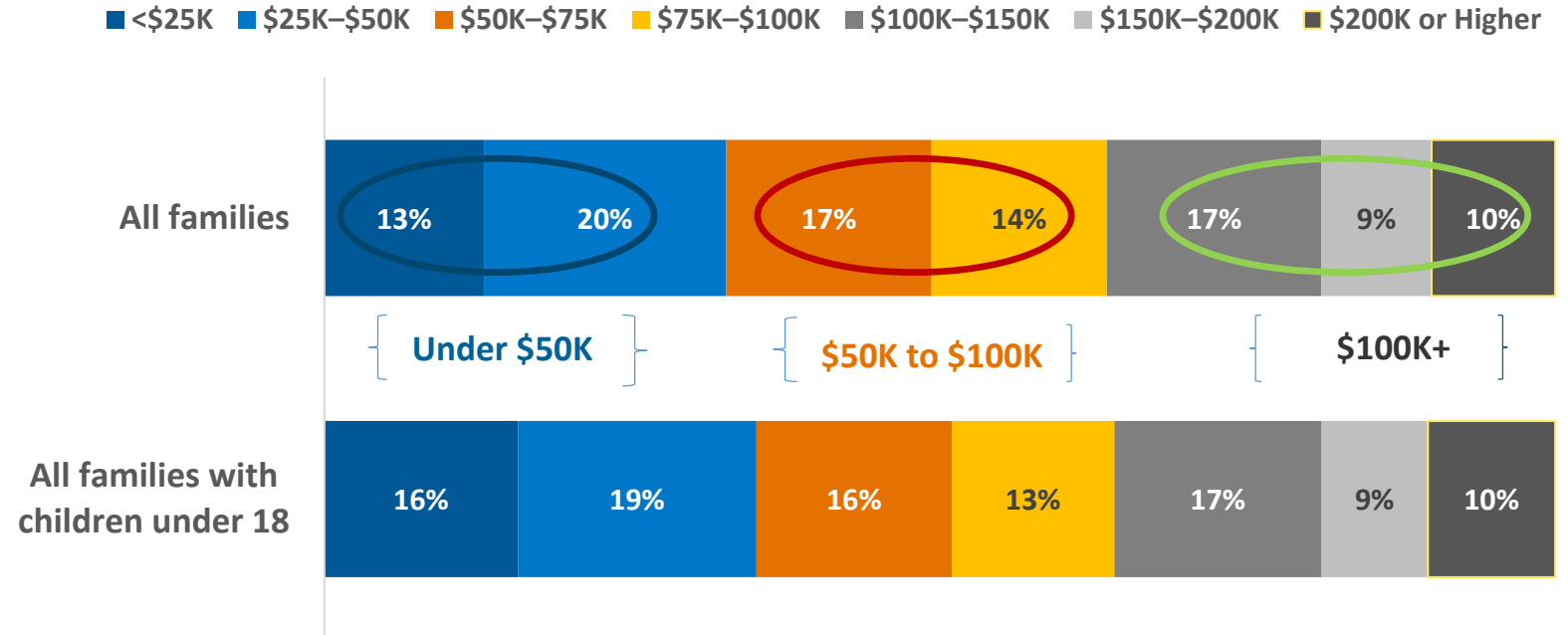
Distribution of Family Income

In 2017, among all US families:

- A third had incomes below \$50,000;
- 31% had incomes between \$50k and \$100k
- 36% had incomes of at least \$100,000;

Distribution of income among families with children under 18 is similar to that of all families

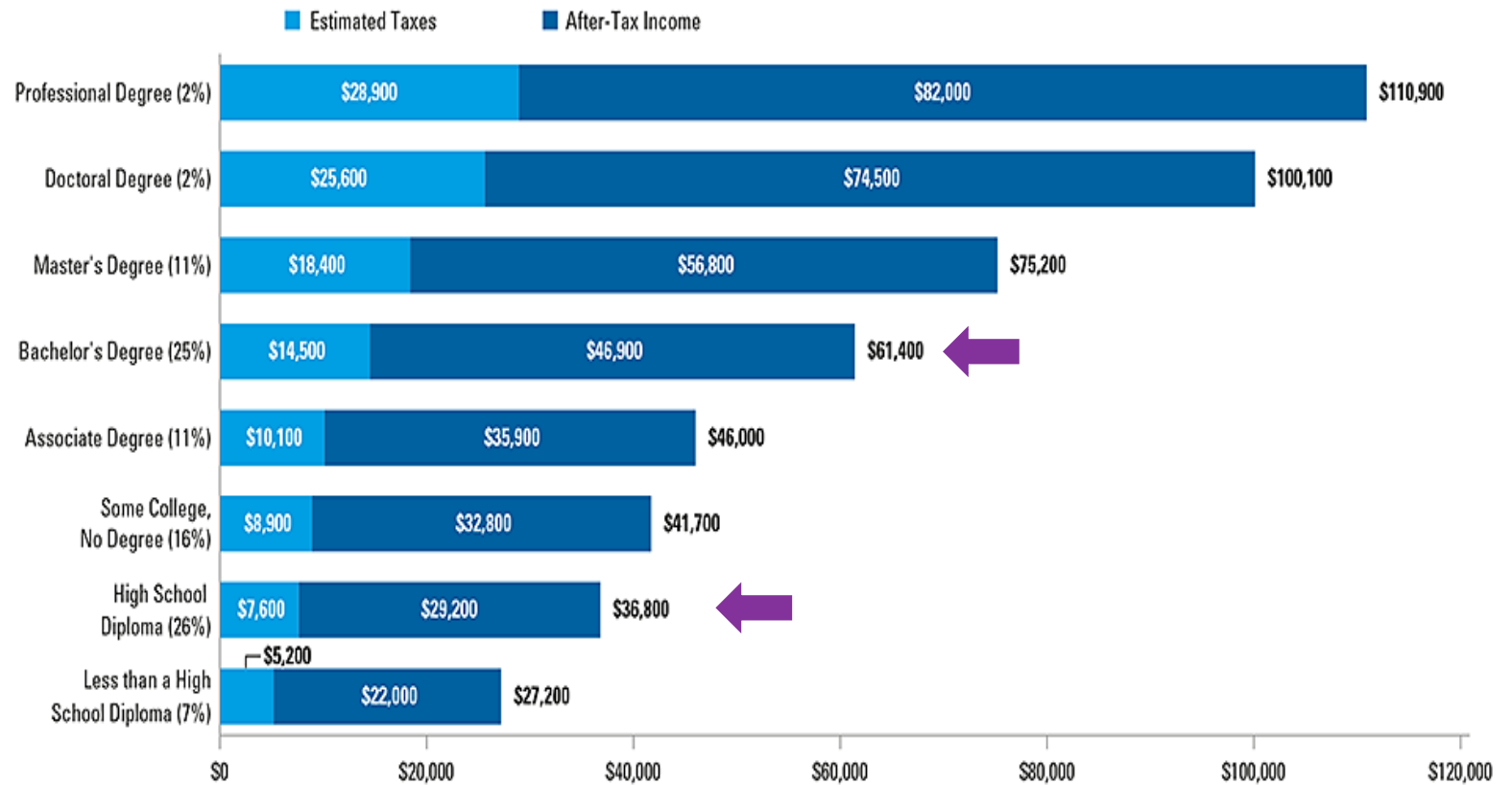
Family Income Distribution, 2017



Why does income matter?

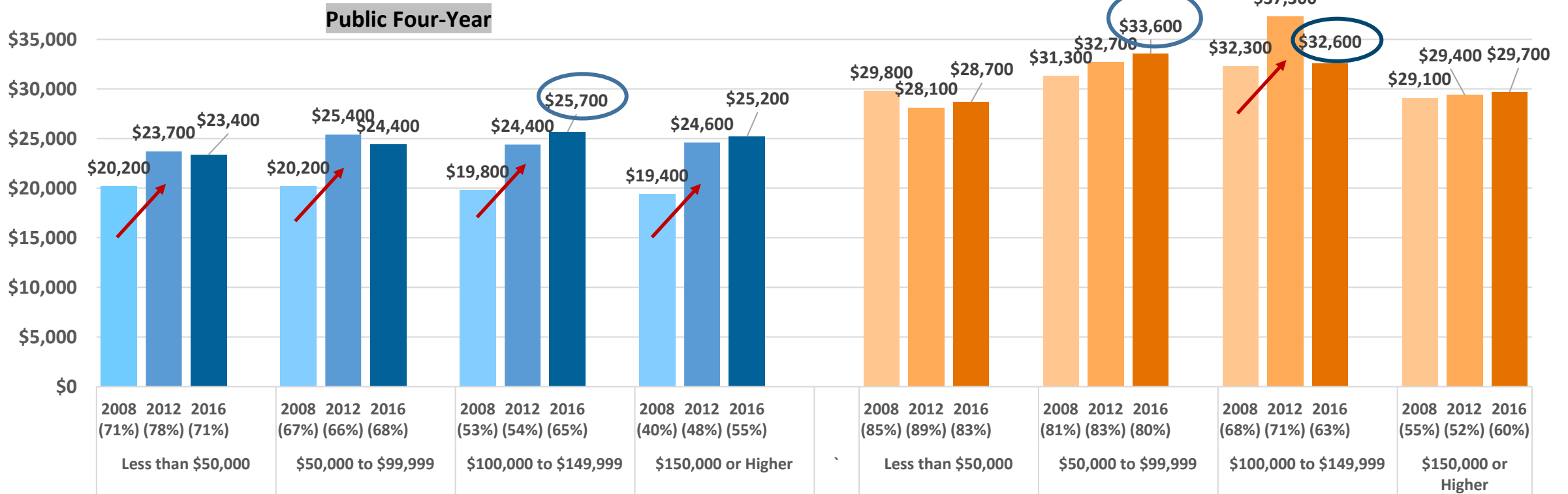
- In 2015, median earnings of bachelor's degree recipients with no advanced degree working full time were \$24,600 (67%) higher than those of high school graduates.
- Bachelor's degree recipients paid an estimated \$6,900 (91%) more in taxes and took home \$17,700 (61%) more in after-tax income than high school graduates.

Median Earnings and Tax Payments of Full-Time Year-Round Workers Age 25 and Older, by Education Level, 2015



Average Cumulative Student Debt (in 2016 Dollars) Among Borrowers

—Nonprofit Four-Year BA recipients



2015-16 Bachelor's Degree Recipients, Dependent Students

Among 2015-16 BA recipients, average cumulative debt borrowed is highest for:

- Students in the highest-income group in the public sector
- Students in the middle-income group in the private sector

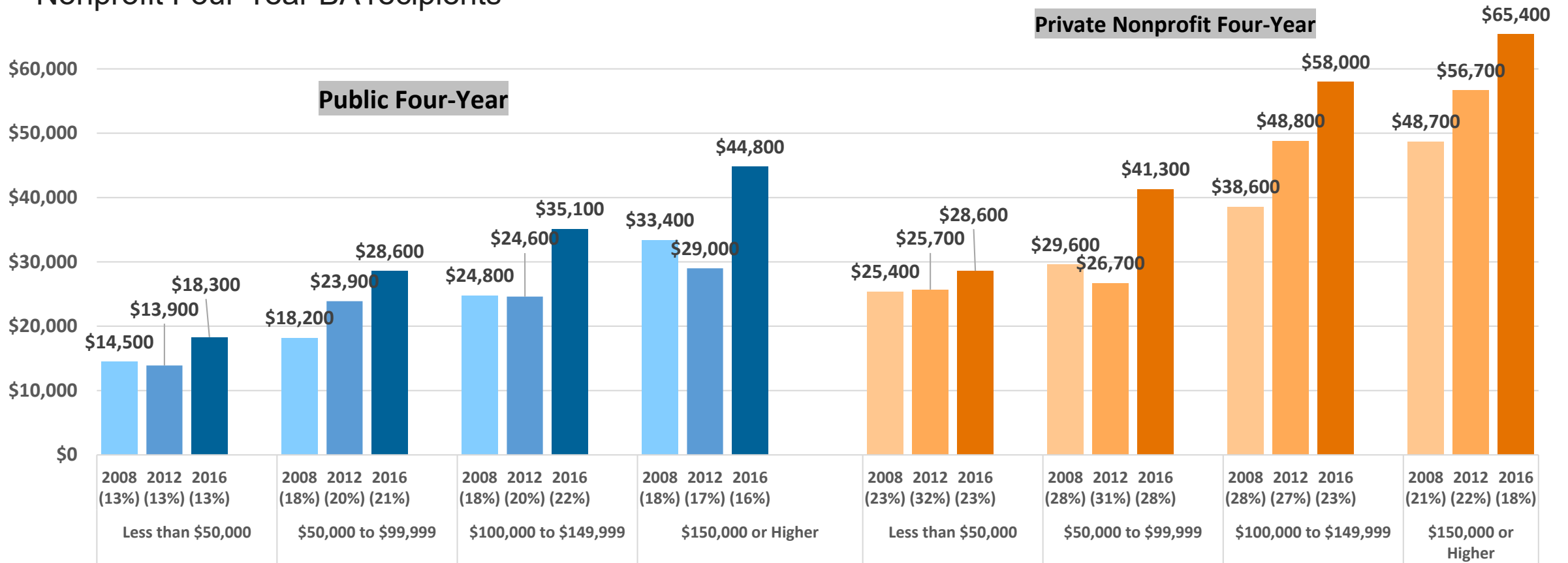
Percentage of Students with debt declines with income

Average Cumulative Parent PLUS Loans (in 2016 Dollars) Among Borrowers

2015-16 Bachelor's Degree Recipients, Dependent Students

- In both sectors, average Parent PLUS loans are higher for higher-income borrowers.
- Within each income group, private sector has higher borrowing rate and higher debt levels.

—Nonprofit Four-Year BA recipients



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16. Source: NCES, NPSAS 2016.

Why does income matter?

- Income may be used as a proxy for eligibility in aid programs, college assessments and applications



Fee Waiver Eligibility

If you're a high school student who lives in the United States or its territories, or who is a U.S. citizen residing outside the U.S., you may be able to receive fee waivers. To be eligible, you must meet at least one of the criteria below:

- You're enrolled in or eligible to participate in the federal National School Lunch Program (NSLP).
- Your annual family income falls within the Income Eligibility Guidelines set by the USDA Food and Nutrition Service (provided below).
- You're enrolled in a federal, state, or local program that aids students from low-income families (e.g. Federal TRIO programs such as Upward Bound).
- Your family receives public assistance.
- You live in federally subsidized public housing, are in a foster home, or are homeless.
- You're a ward of the state or an orphan.

USDA Food and Nutrition Service Income Eligibility Guidelines for 2018-19

NUMBER OF MEMBERS IN HOUSEHOLD (including head of household) ¹	TOTAL ANNUAL INCOME (in preceding calendar year) ²
1	\$22,459
2	\$30,451
3	\$38,443
4	\$46,435
5	\$54,427
6	\$62,419



CALIFORNIA STUDENT AID COMMISSION

FOR NEW CAL GRANT APPLICANTS and RENEWING CAL GRANT RECIPIENTS

2019-20 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A and C	Cal Grant B
Dependent students and Independent students with dependents other than a spouse		
Family size:		
Six or more	\$118,500	\$65,100
Five	\$109,900	\$60,300
Four	\$102,500	\$53,900
Three	\$94,400	\$48,500
Two	\$92,100	\$43,000
Independent students		
Single, no dependents	\$37,600	\$37,600
Married, no other dependents	\$43,000	\$43,000

SOURCE: https://www.csac.ca.gov/sites/main/files/file-attachments/2019-20_income_and_asset_ceilings_for_new_applicants_and_renewing_recipients.pdf

Time to Degree

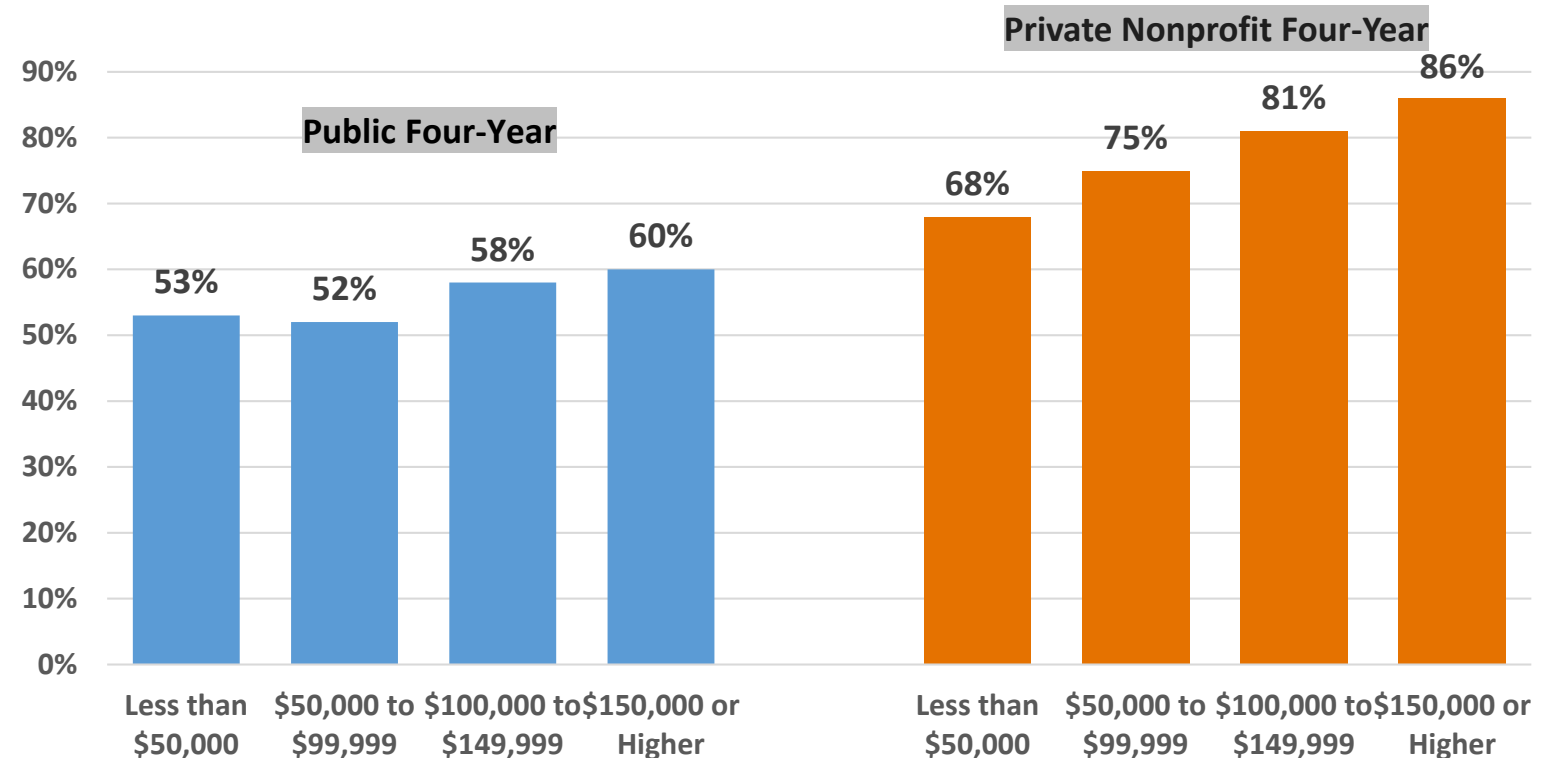
—2015-16 Bachelor's Degree Recipients

Among 2015-16 BA recipients:

- Higher percentage of high-income students graduated within four years.
- In the public four-year sector, similar percentages of students from the low- and middle-income families graduated within four years.

% of Bachelor's Degree Recipients Who Graduated within Four Years

By Parents' Income of dependent students



Note: Based on the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey of postsecondary students conducted every four years. The latest data available are for 2015-16.

Source: NCES, NPSAS 2016.